

98-84379-21

Williams, Aneurin

The relation of the  
co-operative movement...

Manchester

[1896?]

98-84379-21

MASTER NEGATIVE #

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## BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

334	Williams, Aneurin, 1859-1924.
C767	
v.1	The relation of the co-operative movement to national and international commerce, by Mr. Aneurin Williams; paper read at the Twenty-eighth annual Congress of co-operative societies, held at Woolwich, May 1896. Manchester, Co-operative union limited [1896?]
	23 p. 18 $\frac{1}{2}$ cm.
	Volume of pamphlets
334	Another copy (Volume of pamphlets)
21	
	COPY IN

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## TECHNICAL MICROFORM DATA

FILM SIZE: 35mmREDUCTION RATIO: 10:1IMAGE PLACEMENT: IA (IIA) IB IIBDATE FILMED: 4-1-98INITIALS: PBTRACKING #: 32519

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734 9/10 30  
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THE RELATION  
OF THE  
CO-OPERATIVE MOVEMENT  
TO  
NATIONAL AND INTERNATIONAL COMMERCE.

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By Mr. ANEURIN WILLIAMS.

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PAPER READ AT THE TWENTY-EIGHTH ANNUAL  
CONGRESS OF CO-OPERATIVE SOCIETIES,  
HELD AT WOOLWICH, MAY, 1896.

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ISSUED BY THE  
CO-OPERATIVE UNION LIMITED, LONG MILLGATE, MANCHESTER.

## THE RELATION OF THE CO-OPERATIVE MOVEMENT TO NATIONAL AND INTERNATIONAL COMMERCE.\*

By MR. ANEURIN WILLIAMS.

The subject given me by the United Board might be understood in several ways, and furnish subject matter for several papers. I shall merely attempt to give you a very slight idea of the development of co-operation in various nations to-day, and then ask what should be its relation to international commerce.

By the co-operative movement we mean, I take it, the sum of the efforts to substitute for the present individualistic competition a system of co-operation, *i.e.*, a system based upon voluntary association, and having for its objects mutual support in working to provide for all the needs of life, the direction of that work in the common interest, and the sharing of the produce among all concerned upon principles of reason and of equity agreed on beforehand. The co-operative movement, in other words, seeks to replace among rational and moral beings the struggle for existence by voluntary combination for life—and when we say voluntary we say in effect democratic.

Clearly it is just as desirable that the trade between nations, as that within a nation, should be regulated by principles of equity, reason, and common interest. It is not, however, necessary to assume that co-operation should ever engross international, any more than national commerce. We believe that directly or indirectly it must control it. Mr. Holyoake has well pointed out that co-operation to be successful must, like trade unionism and many another movement, be international, inasmuch as it is

\* It will be within the recollection of delegates that at the Ipswich Congress, in 1889, Mr. Vaughan Nash read an interesting and valuable paper on "Co-operation in Relation to International Commerce," in which he gave much information as to the then position of the various branches of co-operation in various foreign countries, followed by some suggestions for spreading the knowledge of co-operative achievements from land to land, for collecting and circulating the statistics of the needs of co-operators in various countries, and for the encouragement in this and other ways of trading relations between the co-operators of different countries. As a good co-operator, I desire as much as possible not to "overlap" that paper, but I fear it will be impossible to altogether avoid doing so. For any deviation in this respect from our principles you must please hold responsible not me, but the United Board, who have set me this subject.

impossible to permanently raise the standard of life among one people if they are always liable to be swamped by degraded competitors from surrounding nations, or by the imported produce of sweated labour. We may even go further and say that without international co-operation can never become a consistent whole; inasmuch as the co-operative consumers are necessarily using a large proportion of foreign produce, and the co-operative producers have but a limited sphere of action if they do not make for export as well as the home market.

There is another, and perhaps even greater reason why international commerce needs "co-operatising" and that is to put an end to the great fluctuations of trade. These in fact arise, or at least are magnified, and transmitted from land to land, in international trade. Take a year when the industries of this country are all or nearly all busy: there is employment for practically all willing and competent workers; machinery, factories, and capital in general have full employment, and so has land, the raw material of wealth; but look again a few years later, and you will see labour and capital and land all standing idle, and yet the labourer, the capitalist, and the land-owner all wanting commodities which might be produced by their co-operation. The position would seem ludicrous were it not too tragic for laughter. All the factors of production are standing idle and lamenting. Surely it only needs a little organisation by some central authority in the country to set these factors at work together to supply their needs? I do not deny, indeed I strongly assert, that much might be done at such times to set work going by an organisation within this country alone. But the difficulty is that the trades which at such times are idle are largely intended not to supply our own people directly, but foreign nations. While, therefore, to keep them at work is only a question of organisation, it is a question of organisation extending far beyond the limits of a single nation. Something has gone wrong in the machinery by which the products of one nation are exchanged for those of another; something has destroyed confidence at some point or other of the complicated system; the whole mechanism is thrown into disorder. So the wool producers in Australia remain idle, and the cotton producers in America, and the textile and coal and iron producers in England, and a thousand others in every land; and they all long for the magic touch which shall set them to work again to supply one another. It is tolerably clear that if some organisation existed so vast as to include them all, that touch might be given; and though it seems looking far far into the future, I believe it is of immense importance to keep the need of some such organisation in mind. Indeed, I shall be able to show that the beginnings of such organisation have already been made in the beginnings of trade among co-operators of different lands, and that there is material already for more organisation of the kind than exists.

It must however be confessed, that at present the practical desirability of closer international co-operative relations does not

depend so much upon the possibility of its affecting the gigantic question of trade fluctuations by adjusting supply and demand, but rather upon the mutual aid and support and encouragement which the co-operators of one country may give to those of another. Even within our own country we are very far yet from having a coherent co-operative system established. We have had to begin at various points—here as buyers and consumers, there as producers and sellers, elsewhere as heads of families needing homes, or as wage-earners needing assurance against the loss of income, and the expenses incident to sickness and death. In every case we have had to take as the basis of our commencement as they were, not as we thought they ought to be; we have had to found ourselves upon market prices, upon current rates of wages and of interest for capital, upon rents as fixed by outside competition, upon usual hours of labour; we have had to found ourselves on things as they are, and gradually to introduce such reforms as we could in the direction of equity, reason, and the common interest. We have tried, and are trying to abolish debt and adulteration, to level up unduly low wages, to reduce excessive hours, to improve conditions of labour, to steady demand, to give continuity of employment, to give greater interest to the worker in his work, to increase his intelligence and his self-respect, and to raise him to the full dignity of a citizen in industry. In all this the co-operative societies could do little while they were isolated, their power increased immensely as they came into relations with each other. The isolated stores have federated together in the Wholesales, the isolated productive societies are more and more federating together, and coming more and more into touch with each other and with the distributive wing, and gradually a federal unity is being built up, which without interfering with the local self-government of the parts is creating the necessary central machinery for our common purposes.

Just as this start from things as they are—right or wrong—and this mutual help are necessary within the nation, so are they equally necessary between the co-operators of one nation and another; and as the field widens we may expect the results achieved to become greater and greater. At present, however, the work is barely begun, so far as a conscious organisation goes; but that the time is ripe may be seen by the large trade which has already grown up merely as a result of their needs, and not of any theory, between the co-operators of different nations.

I have spoken in general terms of the work which may be looked forward to. I wish to speak to you now of the materials which are to hand, and of the way to deal with them.

First of all, we have to consider very briefly what is the present development of co-operation in the various countries; and here unfortunately at the very threshold facts fail us, or at least are not available with that abundance and accuracy which one would desire. For any single individual to attempt to collect them in all

countries would be a Herculean task, and, unfortunately, the International Alliance has not been long enough at work to get them together in anything like a complete form.

Co-operation, as we usually understand it in this country, has two branches, the distributive and the manufacturing. As soon, however, as we look abroad, we find that this is but a small part of the matter. As the definition of co-operation given above implies, the mutual building society and the mutual friendly society are, in my opinion, essentially part of the same movement as our own, and we lose every way in making the artificial restriction we do in the use of the word co-operation. Indeed the mutual building society is everywhere abroad regarded as part of the co-operative movement, and in the United States it is the branch which has achieved great success. But even restricting the sense of the word co-operation, we find that on the continent its most important form is neither distributive nor manufacturing in our sense of the words, but money co-operation, people's banking, as it is sometimes called, mutual support for the raising of necessary capital, and the employment of savings. Then again, agricultural co-operation, as practised on the Continent, is practically unknown in this country, though it has made a vigorous growth during the last six or eight years in Ireland. Co-operation for joint purchase of raw material, to be used in small individual workshops, in boot-making, building, or what not, is another form of foreign co-operation unknown among us. It looks, indeed, at first, a mere variety of distributive co-operation, but in reality is much more a part of the productive movement.

I will therefore try to give you some little, and I regret to say, very imperfect account of foreign co-operation, under the following heads:—

- I.—Banking, credit, or money co-operation.
- II.—Agricultural.
- III.—Raw material societies.
- IV.—Co-operative labour gangs, or labour societies.
- V.—Manufacturing.
- VI.—Consumers' societies or distribution.

But of these I must unfortunately relegate Nos. I., III., and IV. to appendices for mere want of time, and because their bearing upon international commerce is but remote.

#### II.—AGRICULTURAL CO-OPERATION.

As money-co-operation is the branch of our movement most important abroad and least known in this country, agricultural co-operation is the next most important abroad, and the next least known with us. To give some little account of it I will begin with France; but, first, I may state in general that its chief objects are (1) joint purchase of farm requisites; (2) joint ownership of expensive machinery, &c.; (3) rearing cattle; (4) joint sale of produce; (5) joint working up of produce into some more profitable form—as butter, cheese, wine, &c.; (6) mutual insurance of stock, and so on. The one kind of agricultural co-operation which

seems to be conspicuous by its absence in every foreign country is what we commonly understand by co-operative farming, for the actual cultivation of the soil seems practically always to remain in the hands of individuals.

The most important part of co-operation in France is its agricultural branch, and the backbone of this is the agricultural syndicates, or associations, which now number 1,500, and have about 600,000 members, consisting of all classes of cultivators and land-owners great and little. It is these syndicates which spread the co-operative spirit everywhere in French agriculture. They are not co-operative societies, and cannot legally trade. They are supposed to be for the study and protection of the general interests of the members, spread of information, &c., but their prime object seems really to be to combine their members for the joint purchase of all farm requisites, especially chemical manures. This they do by collecting, sorting, and passing on orders; but they cannot usually manage selling in common. They have led to the founding of a large number of co-operative societies for all the purposes of agricultural co-operation enumerated above, and also of societies having the double purpose of both buying requisites and selling produce. The agricultural co-operative productive societies in France number 2,500 at least. Of these, however, 2,000 are societies, mostly of considerable age, engaged in making Gruyère cheese. There are besides about 100 butter factories, seven distilleries, twenty-five associations for threshing, societies for wine-making, &c.

In Belgium\* there has been a great extension of co-operative creameries since 1891, and associations of cultivators for the purchase of manures, seeds, &c., have long been known there. At the end of 1895 there were sixty-five co-operative creameries, forty-five important and a great number of small agricultural associations or syndicates, a co-operative sugar factory, a society for marketing sugar beetroot, a co-operative flour mill, mutual insurance associations, &c., &c. In addition there is a Peasants' League, founded in 1889, and having about 10,000 members. Its object is to raise the peasant class by co-operative organisation. It aims at certain legislative reforms, the collective purchase of requisites, establishment of savings and loan societies, mutual cattle insurance, co-operative development of agricultural industries, &c. &c.

Holland has about a hundred co-operative creameries.

Denmark, perhaps, of all countries, shows the widest, most varied and successful application of co-operative methods to agricultural production. The Danish co-operative dairies, which have obtained such an enormous success and supply to a large extent the English market, date only from 1882; in 1892 there were 1,000 of them, each fitted to deal with the milk of from 400

\* For this bird's-eye view of agricultural co-operation I am chiefly indebted to Count de Rocquigny's recently published book, "La Co-operation de Production dans l'Agriculture." Paris: Guillaumin and Co.; 4 francs.

to 2,000 cows. Almost every village has one. They have powerful federations to export their produce. Side by side with them are other co-operative agricultural societies, generally composed of the same members, for buying collectively food for their cattle, manures, &c., &c., and for the sale of their products. They have depôts of agricultural produce in Copenhagen and other towns. There is also a society for exporting eggs to the co-operative stores and the general market in Great Britain. There are societies for killing pigs and making bacon; these only began in 1888; they now number twenty, and kill more than 250,000 pigs a year, that is, half the pigs fattened in Denmark. All this is sold in England, which takes about £2,200,000 worth of Danish bacon annually. There are also co-operative societies for breeding and improving stock, and other purposes. These societies are formed by the small farmers, mostly with capital lent by the co-operative banks. The profits are divided to those who supply the cream, pigs, &c., in proportion to the value of their supplies. This is, I believe, the principle of dividing profits almost always adopted in agricultural co-operative production.

In Germany there are not far from 3,000 agricultural co-operative societies, creameries, societies to buy farm requisites, societies of grape growers, hop growers, or beet-root growers, insurance societies, and so on. About 400,000 farmers are members of these societies, or of the agricultural co-operative banks. The agricultural societies have also their one wholesale agency. They sell partly to one another, but also largely to the public in shops opened for that purpose. The distributive societies of the towns have lately been trying to establish regular relations with them to their mutual advantage. The co-operative sale of corn has also been a great success. There are societies for owning expensive agricultural machinery, societies for breeding and improving the breed of stock, societies for wine-making, fruit-growing, fruit-preserving, butchering, corn mills, breweries, distilleries, and so on.

In Switzerland, agricultural co-operation is found chiefly in butter, cheese-making, and cattle-raising. In some districts every village has its co-operative dairy. In one district the cattle-raising societies by careful breeding have raised the average value of calves a fortnight old from about £2 to £10 or more. There are grazing societies which take a mountain for summer pasture. There are co-operative societies, too, of vine-growers, and for cattle-buying, and for collecting fruit and selling it abroad. These agricultural societies are united in several federations for wholesale buying and selling, export, &c.

In Italy there are about 200 societies practising the joint purchase of farm requisites, many local societies for cattle insurance, some 200 to 300 creameries, some distilleries, cattle-raising and grazing societies, fruit growing and wine making societies, co-operative barns, and so on. But the most important form of agricultural co-operation in Italy is the district associations for the export trade, chiefly for the better treatment and

export of wine. Similar developments of agricultural co-operation are found in Austria, Hungary, and in little Servia.

Outside of Europe, the United States have a considerable and increasing number of flourishing co-operative creameries, cheese factories, and insurance societies. I find about 500 creameries recorded in only three states, and 800 fire insurance societies in six others. There are also societies for the purchase of farm requisites, coal, &c.; but these have usually not been strong enough to make much head against the rings of manufacturers; some, however, have. Quite lately a society has been formed for shipping corn. California has many wine-growing and orange-growing societies, as well as societies for drying, marketing, and exporting other fruits.

Canada has many co-operative creameries. There are also associations for buying and selling in common.

In the Australian colonies and New Zealand co-operative creameries have been greatly fostered by bounties, &c., by the governments. In New Zealand alone there were in September, 1895, 234 co-operative creameries, taking the milk of over 70,700 cows, and producing annually about £440,000 of butter and cheese, sent chiefly to England. In Queensland the planters have co-operative mills to crush the sugar cane.

#### V.—CO-OPERATIVE MANUFACTURING.

I come now to co-operative manufacturing, and the first thing I have to note is that I have found very little trace on the Continent of production carried on by associations of consumers, except in baking. Co-operative production on the Continent seems mainly to mean associations of producers to carry on certain trades. Secondly, much, of course, of what we have considered under the head of agricultural co-operation is also co-operative production, but it is only so, as it were, in spite of itself. The farmers' object is to sell the products of their land to best advantage; they only become co-operative producers because they cannot get a good market for the raw stuff. Again, the co-operative labour gangs do produce co-operatively in a sense, and the raw material societies are co-operative for production. But under this fifth head we have to consider co-operation for production, not in part and as a make-shift, but in the full sense, and as a business in itself. To be clear, I call it co-operative manufacturing.

We generally think of France as the country of co-operative production. Though nowadays agricultural co-operation would seem to be her strong point, nevertheless co-operative manufacturing societies have become numerous in France, having grown steadily ever since liberty returned with the downfall of the Empire, and they now number about 140. The chief of these are the ninety-six societies federated in the Consultative Chamber of Workmen's Productive Societies in Paris. There is another similar federation in Lyons. They are, on the whole, though with many important differences, a good deal like our co-partnership productive societies.

They are engaged in a great variety of trades. The builders, bakers, road makers, carpenters, boot and shoe makers, plumbers, slaters, whitesmiths, printers, masons, painters, saddlers, locksmiths, hairdressers, carriage builders, coal porters, plasterers, foresters, navvies, tailors, military equipment makers, cotton spinners, miners, and the very important societies of cabdrivers in Paris need not trouble us much from an international trading point of view. It is otherwise with the tanners and curriers, jewellers, diamond workers, stationers and paper-bag makers, gilders, cabinet makers, brassfounders, watchmakers, piano and other musical instrument makers, lamp makers, cutlers, lithographers, trunk makers, modellers, photographers, upholsterers, corkcutters, clothiers, printers on textiles, coopers, opticians, brush makers, filemakers, hatters, glass workers, basket makers, &c. The societies vary very much in importance. No statistics showing the total of their trade are in existence, but they seem to vary from £40,000 a year downwards, much like the majority of our own co-partnership workshops.

Besides these strictly workmen's productive societies, there are at least three great productive businesses in France which originated as private firms, but have become co-operative through the sharing and capitalisation of profits. These are the Familistère at Guise, producing £166,000 worth of stoves and other iron castings a year, where the workers now own the whole capital of £450,000; the Laroche-Joubert Paper Mills, where the workers own £60,000 out of a capital of £180,000; and the celebrated painting business founded by Leclair, where the workers and their provident fund own £120,000. There are doubtless other similar businesses which might justly claim the title of co-operative, but the facts are not easy to get, nor is the line easy to draw.

In Germany co-operative production is on a very small scale indeed compared with money-co-operation, agricultural, or even distributive co-operation. There were only 120 industrial productive societies recorded in 1894, and of these the great majority are really not co-operative at all. However, there are a few highly-successful and truly co-operative examples, cigar-makers, weavers, printers, ship's carpenters, and gilders among the number.

In Austria, at the end of 1893 (Austrian statistics are very much belated), there were only 73 productive societies proper. A large proportion of these are in Vienna, and are of recent origin. They comprise piano-makers, printers, lithographers, needle-workers, cabinet-makers, bag-makers, potters, and so on. They seem to be fairly successful. Though few of them pay any dividend, that is because the government levies a heavy income tax on profits; so they prefer to pay their profits away under the name of wages.

In Hungary there are a number of well-managed and prosperous productive societies; no statistics are available. In the town of Bistritz, in Transylvania, all the small harness-makers have united their establishments into one big one, and the same has been done in the other chief handicraft of the place—hat-making.

In Denmark there are a number of co-operative bakeries and breweries, but there are no statistics available, nor any information as to the basis on which they are formed.

In Italy, besides wine-making and distillery societies, which come more under agricultural co-operation, there are a great many printing, book-binding, wood-working, and tailoring societies of a local character. There are also glass-workers, potters, wood-carvers, glove-makers, cabinet-makers, frame-makers, and cloth-makers, which have more importance from an international point of view. Few statistics are available, but while most of the societies seem to be small, there are a few important exceptions. The largest, apparently, is the Society of Cabinet Makers, in Milan. This is a combination for warehousing, upholstering, joint selling, &c., on the part of 700 working cabinet-makers, who work in their own homes round Milan, the work being completed on the society's premises. They are already doing business with England, and a very large business in Italy.

In Spain there are a number of productive societies, builders, barrel-makers, cabinet-makers, stone-masons, cork-cutters, silk-workers (one of these dating from 1856), comb-makers, carpenters, coach-makers, bakers, coopers, and fan-makers, but very little indeed is known of these societies.

In Belgium productive societies exist, but I can only learn that they are not numerous, and are mostly young. I do not allude, of course, to the celebrated socialist bakeries, which are consumers' societies, and of which I speak later.

In Holland there are fifty-two productive societies, in our ordinary sense, besides about the same number of mutual building societies. These are not only generally classed with productive societies, but they naturally run into co-operative builders' societies.

Leaving Europe we find that there is very little purely working class co-operative production in the United States, the chief being, apparently, some half-dozen societies of barrel-makers in Minneapolis. There are, however, some important firms where the workers have become share-holders through profit-sharing. The best-known of these, the N. O. Nelson Company, making brasses, baths, &c., has within the last few weeks sold its cabinet-making factory at Leclair, Ohio, to the employees, the Leclair Co-operative Cabinet Association thus starting with buildings, machinery, and material worth £12,000.

We find, therefore, that by far the most important branch of the co-operative productive movement in foreign countries, as a whole, is agricultural; but that in France there is a manufacturing movement roughly similar in extent and importance to our own co-partnership movement.

#### VI.—CONSUMERS' SOCIETIES.

Lastly, I take distribution, the specially British branch of co-operation.

There is an important store movement in France making steady progress. At the end of 1895 there were 1,197 consumers' socie-



ties. This was an increase of 10 per cent. on the previous year, when their total membership had been estimated at 500,000, and their sales at £4,000,000. A certain number of these societies had organised a French wholesale. About 340 societies did a business with it of about £40,000 a year; but this support proved insufficient, and the society is now in liquidation. Consumers' bakeries are common in France.

Considerable progress has been made during the last two or three years towards bringing the French consumers' societies and the agricultural societies into direct relations as buyers and sellers by means of a joint committee. Very little mutual support exists between the French consumers' societies and the non-agricultural productive societies. Indeed one productive society in France, doing an enormous business, and sending its goods all over the world, informs me that at present they have no business relations with any consumers' society.

In Germany, in 1895, there were 1,412 consumers' societies. They have been for years the subject of very active attacks from the shopkeeping interest, which has succeeded in making it illegal for them to deal with non-members; nevertheless, they are increasing steadily. As to the membership, sales, profits, &c., statistics are very deficient; in 1893, for instance, of 1,283 stores only 377 made returns. In these the sales were £3,400,000, or an average of £9,000 per society; while the membership was 264,000, or an average of 700 per society. The net profits were 9 per cent. upon the sales. These were, no doubt, mostly the larger and better-managed societies, and we cannot take these as the averages throughout. There are two wholesale distributive societies in Germany, one at Bremen and one at Hamburg.

In Austria, at the end of 1893, there were 358 distributive societies, almost exclusively among the German-speaking part of the people. In Hungary there are co-operative stores for civil servants and for railway employes.

Denmark has about 600 co-operative distributive societies, doing about £800,000 trade a year. With few exceptions they are outside the towns, and their members are chiefly agriculturists. There are at least three Danish wholesales, doing businesses of about £120,000, £46,000, and £32,000 a year respectively.

In Holland distributive co-operation is making daily progress. There are 183 societies, with about 100,000 members. Twenty-five of the stores, doing a trade of £200,000, have formed a kind of wholesale.

Belgium has about 500 co-operative societies in all, of which by far the greater number appear to be consumers' societies. The statistics I have of thirty-two such societies give nearly 19,000 members, and sales of £91,000 a year. The Co-operative Pharmacy of Brussels, included in these, has alone a membership of 12,000, and its sales are nearly £12,000 a year. The most interesting societies are the large socialist bakeries, owned by immense co-operative societies of workers of every calling, which exist in all the principal industrial centres. These are admitted to be well managed even by

those who dislike their politics. Some of them have from 6,000 to 8,000 members; one in Brussels bakes 115,000 loaves a week and makes a profit of nearly £10,000 a year. It has also a co-operative restaurant, an institution also known in Paris. The socialist party look upon them chiefly as a means of organising and educating the working classes for political and economic emancipation, and of providing funds for their political warfare. They pay no interest on capital: a large part of the profits is devoted to propaganda, but a part is also paid to the consumers in the form of checks exchangeable for loaves. By their means the party has a press, buildings, and the means to fight elections and keep members in Parliament.

Spain has some important distributive societies. I find about eighty enumerated, but this seems by no means to exhaust them. A good many are principally for officers of the army, and, indeed, soldiers of all ranks; others are more working class. Cost-price trading appears to be the rule. A number of the societies have several hundred members each, and one in Madrid has 3,000 members.

In Italy there are altogether 1,200 co-operative stores, including the celebrated Unione Co-operativa at Milan, which was founded in a small way in 1886, and by 1893 had reached 3,338 members and sales of £120,000. Its members are of all ranks, including the King himself. The co-operative labour societies, or gangs, have often stores attached to them. A remarkable instance of consumers' co-operation is that of the workmen in the arsenal at Spezia, who go to and from their work in their own steamers.

In the United States scarcely any figures as to distribution or any other branch of co-operation, except bulky purchases, are available, a defect we may hope that their newly-formed Co-operative Union will supply. It is reported that of stores started probably ten fail for every one that succeeds. Naturally they are scarce.

As far as I can gather, in almost all countries the most successful distributive societies usually follow the Rochdale plan, but there are very important exceptions.

#### STEPS TO TAKE.

This then gives a slight, but all too slight, idea of the co-operative materials we have to deal with. In attempting to cover so wide a range I could not hope for completeness, nor even altogether to avoid mistakes. How are these materials to be worked up so that co-operation may become truly international? I think it is to wholesales and federations that we must look for the ultimate practical answer; but it is to the International Co-operative Alliance—recently formed, as you know, with the support of this Union—that we must chiefly look to prepare the way. I cannot answer my question better than by examining the work which the Alliance can do in this matter. First of all, there is one very important thing it cannot do, and that is to carry on a great deal of direct propaganda. If the Alliance were to start such work for

co-operation in this country this Union would very naturally cry out, "Overlapping." Similarly would the French Union, if it were to start missionising in France. The Alliance, therefore, has very properly put in its provisional statutes a declaration that it acts as much as possible "through the organisations existing in the various countries."

However, though the Alliance cannot to any great extent do direct propagandist work, it can do much indirectly. The meetings of its Congresses with distinguished men of all countries present will alone be a great means of public education, but still more will the publication of the information which it will get together from all countries. It is not too much, perhaps, to hope that before long the Alliance will be able to give us each year an almanac or year-book of the world's co-operation; perhaps also a quarterly journal of co-operation, which will make the most recent and exact facts and figures on their movement available to the co-operators of all lands.

I will not go further into the general educational work, but there is one special department of that work which has such great importance as to overshadow all the others. I mean the collecting and diffusing of all information which may facilitate trading relations between the co-operators of different countries. The Alliance has therefore appointed a committee on international trading relations, which has begun to collect information in this practical matter. The information hitherto collected has been very kindly put at my disposition and though it must be confessed it is but a beginning, it is a beginning in a field of great richness. I have also been able to obtain information on this subject from several other sources, including many friends, to whom my best thanks are due.

In considering the possibilities of trade between the co-operators of different countries, we will take first that which is most familiar to us, as well as biggest. We find that the English and Scotch stores are selling a vast amount of provisions produced co-operatively, and much more which could be obtained from co-operative sources. More particularly is this the case with Danish butter, bacon, and eggs. The English Wholesale, in 1895, imported from Denmark, £1,332,000 worth of these, and though no exact information is available on the point, there can be no doubt that at least one-half was produced co-operatively; this is \$660,000 and adding cheese from New York, butter from New Zealand, and other supplies from all over the world, there can be little doubt that the English Wholesale already imports £1,000,000 worth of co-operative productions annually.

Now clearly here is a case in which it wants only a little knowledge of the facts, only a little more organisation, to bring to light and to complete a very important piece of international co-operation. Such light and organisation must, I think, lead to an important extension of co-operative trading, but even if it only led to the English consumer knowing, where he is now ignorant, that the butter he consumed was made co-operatively, and passed

through co-operative channels all the way from producer to consumer, a very important piece of co-operative education would have been achieved, in impressing our people with the greatness, the self-containedness, and the possibilities of co-operation.

£1,000,000 a year is not at all a bad start, but it is only a beginning. It is clearly to agricultural co-operation that we are most likely to be customers. Now a large part of this in France, Italy, Germany, &c., is concerned with making wine, cider, brandy, and other spirits, which, of course, though they do come to England, offer no chance for international relations with English co-operative societies of the working class order. But in fruit, cheese, raisins, capers, tomatoes, cattle, horses, beetroot (for sugar making), corks, olive oil, cereals, fodder, Indian corn, wood, oats, truffles, early vegetables, preserved vegetables, oysters, hops, potatoes, onions, eggs, poultry, jam, preserved meat (to take French productions first), or at least in some of these, there would seem to be ample room for direct trade. I have no doubt that these French co-operative productions do in fact already reach the English market. In a few instances I have found direct evidence of it. Thus a few syndicates in Brittany send early potatoes to London. A co-operative society at Agen sends onions to Liverpool; in 1893 it sold £1,200 worth of onions to a London and Cardiff house, and it has attempted the sale of tomatoes at Covent Garden Market. The agricultural syndicate of the Var, in the far south-east of France, along the Mediterranean, does a large trade abroad in cut flowers and in bulbs. The gardeners at Nantes have a co-operative society which sends large quantities of fruit and vegetables to England. In 1893, for instance, it sold 1,400,000 pears and 91,000 bunches of radishes to the London, Liverpool, and Manchester markets.

Similarly, if we turn from France to other foreign countries, we find that, in addition to the enormous exportation of co-operative butter and bacon, the Danes are now combining co-operatively to send us their eggs. In Germany the co-operative creameries have established provincial agencies to sell their butter—more particularly to export it to England—and the farmers of Westphalia are similarly combining to send us other produce. Efforts are also now being made by a federation of Italian societies, which have already secured a large market in South America, to supply wines and other provisions direct to English consumers' societies, the wines, of course, to middle-class societies, such as the Civil Service. Canadian cheese produced in co-operative creameries finds a good market in England; and the bulk of New Zealand's annual production of £400,000 to £500,000 worth of co-operative butter and cheese is sent to England. Besides what the English Wholesale imports of this last, the Scottish Wholesale also has imported New Zealand co-operative butter. I also find that the co-operative agriculturists of Switzerland send table fruit to Berlin and fruit for making cider to Wurttemberg.

I have already dealt in passing with the possible export to us of French and other co-operative manufactures. I may add that

two French co-operative societies, the spectacle makers and the film-makers, do a large foreign trade in England and other countries, while the *Famillière* at Guise sends largely to many countries, but not to England. Further, of course our own productive societies use much foreign produce, which may some day be got from co-operative sources.

Turning now to the question of exporting British co-operative manufactures, I am bound to note a preliminary objection to the great consumers' societies which produce doing anything of the sort. The objection is not mine, and I trust it will not result in turning the discussion of this paper on to old controversies. It is put very strongly in the book which is accepted as their great champion—I mean Mrs. Sidney Webb's "Co-operative Movement in Great Britain." After dealing with the social, administrative, and financial limits to the extension of co-operation, she says\*:

"But the statement of the boundaries of the co-operative State is not yet complete. The whole national export trade is necessarily excluded. For here it is obvious that administration by an open democracy of actual consumers cannot even exist. . . . The British stores and Wholesale Societies might frankly engage in a profitable export trade with the merchants of foreign countries; or they might export surplus manufacture. . . . But the danger to the integrity and prosperity of the co-operative movement of this step is easily demonstrated. All the economic advantages of the control of production by the actual consumers are abandoned. Once again co-operators taste the forbidden fruit of industry—profit on price. Supposing the profit from the export trade became a considerable portion of their total income, voluntary associations of consumers, able at any moment to limit their numbers, would be sorely tempted to close their doors to new comers. Thus the Wholesale Societies might be transformed into profit-making machines of capitalist producers, and the habit of trading with non-members abroad might be rapidly extended into the custom of trading with non-members at home. With the quotation of the shares of the stores and the Wholesale Societies on the Stock Exchange, rising and falling in value with the advent of a new directorate or the rumour of a foreign war, the whole fabric of the Rochdale system might fall into disrepair, if not into hopeless ruin."

"Thus, those of us who believe in the millennium of a fully developed industrial democracy, perceive in the national export trade the last resort of capitalist administration of industry. . . . Should these industries, therefore, eventually fall into the hands of the representatives of the democracy, they must obviously be administered by the public organisation of the whole people—that is by the State or the municipality. For in this manner only can the profits, which will necessarily accrue from dealings with other states, be accumulated for the benefit, or distributed for the satisfaction of the whole body of citizens."

\* Page 230.

As a piece of theory this objection is undoubtedly sound. The whole ideal of a body of consumers producing for their own wants—the consumers' theory of co-operative production—breaks down as soon as they begin to sell to outsiders. On the other hand, the limits within which it is possible for associations of consumers to produce for themselves only are, as Mrs. Webb shows, so narrow that I am myself confident they must and will push out into wider fields for the employment of their capital. Doing so, however, they will be abandoning that consumers' theory on which they have for the most part taken their stand hitherto. It will, in fact, no longer be possible to argue that they are returning the profit to the persons who consume the goods.

Leaving this preliminary objection on one side, I proceed to consider the chances of exporting British co-operative productions of every kind. In this connection it is of importance to consider what are the chief of our products sold by the foreign stores. An inspection of shops on the Continent, especially of those intended for the working-class, leads one to believe that the great bulk of what they sell is either food-stuffs imported from the other end of the world or native produce and manufactures differing widely from anything we have in England; the very boots and shoes, and clothes, the estates, the tools, and the household furniture are strangely different. From a list of fifty-one chief articles sold by 185 German stores, I find that cocoa, wheat-meal, and soap are the only ones of a kind produced co-operatively in this country. We must therefore not expect too much. Still Great Britain does send enormously of its productions to other countries, in spite of their tariffs and all other obstacles, and if other British manufacturers do it there is no reason why co-operative manufacturers should not. Already I find that our societies send much abroad; for instance, seeds, manures, and oilcakes to Denmark, China, India, Egypt, Cape Colony, United States, France, Netherland, Australia, Malta, New Zealand, and the West Indies; pianos to India; fustians to Australia and South Africa; pottery to North and South America, Australia, France, and Austria, to the amount altogether of several thousand pounds a year; cloth also to a large value to France, Austria-Hungary, Roumania, Italy, and Denmark; needles to Australia; watches to Russia, Italy, and South America; cotton goods and padlocks (again to the amount of many thousand pounds a year) all over the world; silks to France; light iron goods to Italy; sheep-shears (again to a large and increasing amount) to Australia and New Zealand; and offal from Dunston Mill to the farmers of Denmark and Sweden. I am not aware that the English Wholesale exports anything else. The Scottish does not export. No doubt there are other cases of such export which have escaped me; indeed, this is practically certain. I cannot, however, find that much of this goes either directly or indirectly to co-operative societies abroad, though in some few cases it does. I cannot find a single case of anything like direct exchange between co-operative organisations of different countries.

There appears to have been remarkably little done as yet to

push the export, and, considering that there is an almost total absence of any organisation for the purpose, what has been done is pretty good evidence that more might be done. Further evidence is found in the fact that of nineteen British productive societies, including the two Wholesales, exhibiting at Milan, all except four made sales, while two societies, I am told, have established a permanent connection; one society in particular, which has no foreign trade at all, sold the greater part of its exhibits. I know, too, that the Italian agricultural co-operators would be extremely glad to take very large quantities of co-operative coal from us, only, unfortunately, we have no co-operative collieries yet. It is clear, then, that many of our products are suitable for the foreign market already. In other cases societies would easily adapt themselves to it.

The highly successful experience of the Sheffield Trade Unionist Sheep-shear Society shows that something may also be done in selling our productions through other branches of the labour movement in countries where the co-operative branch is not much developed. On the whole it seems to me that our own colonies afford a greater opening for the bulk of our co-operative manufactures than the continent of Europe does.

It would evidently be very difficult for comparatively small societies in different countries to do business together, except under unusual circumstances. In the case of very large stores and very large productive societies it may pay them to deal with one another direct, but for the most part we must depend upon the great Wholesales sending their representatives to foreign productive societies and their federations; and on the other hand to the federations of productive societies sending their representatives abroad to show their samples to foreign stores.

It becomes, therefore, very important to ask what is the present development of federation among consumers' and producers' societies. Of our two Wholesales I need not speak further, nor of the Productive Federation, now happily growing steadily in numbers and importance. Then there is the Irish Co-operative Agency. Germany has two important Wholesales; Denmark has three Wholesales; Holland has a Wholesale; Texas (U.S.A.) has one; Belgium is beginning one; France no longer has. Turning to federations of producers, the French Agricultural Syndicates have local federations and a general federation; the French Workmen's productive societies have their federation, but not for trading purposes; and the federations of agricultural societies of Denmark and Germany and other countries I have already enumerated. It will be readily seen that if federation is a necessary condition for any great amount of international co-operative commerce, the necessary machinery, though begun, is still a long way from complete.

I have not by any means exhausted the steps which may be taken to promote international co-operative trade. Complete lists, with lowest possible prices, should be prepared of all the co-operative productions of each country and circulated in other

countries; also similar lists of foreign produce used by consumers' societies. There should be a free interchange of samples. Co-operative buyers, especially of the great Wholesale Societies, should attend exhibitions of co-operative productions in lands other than their own. Perhaps international co-operative exhibitions should be held. Representatives of foreign producers should be invited to the stores of other countries to see what is sold; and lastly, a very important suggestion of the late International Congress should be carried out, and "mixed joint committees in every country should be formed by the different branches of co-operation, namely, supply, production, building, and credit, with a view to establish such relations as cannot fail to be of advantage to each of those branches." In this country the Co-operative Union would naturally preside over the formation of such a committee. As in France the joint committee of the co-operative agriculturists and the co-operative consumers has been of great service, so it seems to me similar committees in this and other lands might be, by enquiring into those numerous cases where there seems a want of mutual support between co-operators both in one country and in different countries, and bringing the pressure of our public opinion to bear, so as to promote the better gearing together of the different branches of co-operation.

No one in this gathering can be more conscious of the imperfection of this paper than I am, an imperfection I had hoped to correct somewhat had health and other claims not prevented it. I trust, nevertheless, that I may have suggested some thoughts which will help in the working out of relations of mutual helpfulness and support between that huge multitude of people in every land who have adopted as their rule of life the co-operative motto of "All for each, and each for all," and whom Mr. Greening has recently estimated at 6,000,000 persons, representing, with their families, a population of 25,000,000.

#### APPENDIX.

##### I.—MONEY CO-OPERATION.\*

By money co-operation I mean co-operation for the purposes of raising capital in common, and of disposing in common of savings. Not to go into very early instances of money co-operation, we may make our start with the "Credit Associations" of Schulze-Delitzsch and the "Loan Banks" of Raiffeisen, which originated about the same time, namely 1849 or 1850, without any knowledge one of another on the part of the originators, after whom they are called, in districts of Germany far apart, and on very different lines. They still remain the two prominent distinct types which have spread to many lands.

The Schulze-Delitzsch system being the one which has been far the most followed, may be described first, though the other was first in the field by a very short time. A German Schulze-

\* On this subject I am largely indebted to the "People's Banks" of Mr. H. W. Wolff.

Delitzsch "Credit Association," as it is not very appropriately called, is, then, a kind of co-operative savings bank, the essence of which is that each member binds himself to a long continuance of small savings. Its main object and result is to encourage thrift. The number of members is large, averaging apparently four hundred to five hundred. Every member takes one and only one share, which has a high value, usually about £20. This can be paid up by very small instalments. The association is founded on unlimited liability, so that a member is responsible not only for the amount of his share, but for the whole debts of the association. This unlimited liability, together with the accumulations of their own capital, enables the association to borrow money. This borrowed money, together with the accumulating instalments and savings deposits from members and others, constitutes a fund which the bank lends out at about 8 per cent. of security—mortgages, pledges, sureties, bills, and on any kind of security—as long as the security is good and sufficient. The loans, however, are always for a short period, usually three months, renewable for three months more. The great object of the association in these loans is security and a good return on the capital, though the great object of the founder of the system was to help the people who needed capital. The committee of management decides on all loans. The committeemen are elected by the general meetings, and receive a salary, plus a commission on the business done. With such a constitution the Schulze-Delitzsch Banks grow large, and accumulate a big capital of their own. I cannot find any hint of the shares ever being withdrawable. All the profits are divided upon capital or put to reserve, except sometimes a very small sum to charitable or educational purposes. It may justly, therefore, be said that these banks smack too much of joint-stockism: they are, in fact, co-operative much in the same sense as our Oldham cotton mills are. They seem constituted to make the lender's interest supreme, but they have, nevertheless, conferred enormous benefits on the handicraftsmen, small traders, small cultivators, &c., the borrowers of the capital in which they deal. They have put it within their reach at reasonable rates, instead of leaving them in the clutches of the money-lender. One of the lessons to be learnt from contact with the co-operation of other countries is to be a little broad-minded, and not on mere grounds of theory to reject as non-co-operative institutions which are co-operative in spirit, and have done a great work in association for the more equitable distribution of wealth. I do not mean, of course, that we are not to criticise and point out dangers, but for this I have no room here. Some years ago it was calculated that there were altogether in Germany and other countries 4,500 banks organised on Schulze-Delitzsch lines, with 1,500,000 members.

The Raiffeisen system (the other great type of money co-operation) also was intended to relieve the poorer workers, in this case peasantry, from the terrible sufferings following years of almost

famine, and in particular to rescue them from the money-lenders. It also is an association based on the unlimited liability of its members, and also is intended to encourage thrift, otherwise the two systems are as different as they can be. A Raiffeisen "loan-bank," or, as we may call it more expressively, a "co-operative loan and deposit society," is primarily a rural institution, while a Schulze-Delitzsch credit association is primarily a town one. A number of persons of character, of all classes, some rich and some poor, unite together, and on their joint responsibility borrow a sum of money, which they proceed to lend out at a slightly increased rate of interest to such of their number as require loans, usually at about 5 per cent. in Germany. Any member applying for a loan is required to show exactly for what purpose he requires it, say to buy a sow, or drain a field, or sink a well, or pay off a money-lender, and if it be shown that the purpose is a good and profitable one, he receives the loan, however poor he may be. No bills, or mortgages, or other securities are taken, except a note of hand, with sometimes one or two sureties. After the loan is made the members see that it is applied by the borrower to the purpose agreed upon, and in case of this purpose being violated, there is power to call in the loan at very short notice. Members are admitted only from men of the best character, however poor, and only from the small district to which the society confines its operations, a parish, or two or three adjoining small parishes, where everyone knows everyone, and where the way in which a loan is spent is certain to be known. The difference between the rate at which money is borrowed and lent again is fixed so as just to cover working expenses, and to leave a very small amount to be put to reserve. If it is alleged, can never be divided out under any circumstances. There are either no shares, or only shares of a very small amount; practically nothing is paid on them as interest or dividend. There is one committee to do the work of lending, &c., and another to supervise the work of the first. No one gets any commission, and no one, except the cashier, any salary. The great point kept in view is safety, and while any member can get a loan on showing a good use he will put it to, he cannot, however rich, get one on any other terms: proof is rigorously demanded of the profitable nature of the proposed employment. Loans are made for long periods, if necessary one, two, or several years, so that they may repay themselves out of the profit they produce, but the instalments and the interest must be repaid exactly on the days agreed. The societies also receive deposits, like a savings bank, on which they pay interest. Sometimes the whole capital which a society needs for its loans is provided within its own district by the savings deposited. It will be seen, therefore, that the societies of this type are much more truly mutual, i.e. co-operative, than the Schulze-Delitzsch Associations; but as the presence of a few comparatively rich men is usually considered necessary, or at least very desirable, to start such a society, and these rich men take a lead by common consent,

they fall short of the ideal of self-help. Nevertheless, the help of such richer members is in some cases done without.

The first bank of this type was founded by Raiffeisen in 1849, the second also by him in 1854, the third in 1862, the fourth in 1868. Not until 1880 did they really begin to spread. In 1893 there were, however, over 2,000 of this type in Germany alone. As far as I can ascertain, something a good deal under £2,000 a year is the average amount they lend. They were then, and still are, growing at a great rate, beloved of the people and fostered if not subsidised by governments. They boast that neither member nor creditor has ever lost a penny by them, and though this is denied, it seems at least near the truth. It would be impossible for me to stop to speak of all the results of these societies; of the other co-operative societies which have grown out of them, or been founded with capital obtained through them; much less of the material prosperity and moral progress which they seem to have produced everywhere.

Nor would it be possible here to trace the spread of one or other or of both of these types of money co-operation (with various modifications, especially as to limited liability instead of unlimited) into the countries of Europe—into Austria, Italy, Belgium, Switzerland, France, Russia, Denmark, Servia, even in these last days into England and Ireland, besides India, Japan, and our colonies.

In 1895 the number of credit and loan associations of all kinds in Germany had increased to 6,417. In 1893 Mr. Wolff estimated that the total amount of money lent by money co-operation on the continent could not fall far short of £200,000,000 a year. By far the greater part of this represents loans by banks of the Schulze-Delitzsch type. The Raiffeisen type is many times smaller in amount of business, but exact statistics are not available.

I must not delay over this portion of my subject, deeply interesting as it is to us British co-operators. I could not omit it because of its importance in relation to national commerce; but I must not dwell on it, because I have little to say about it as to international commerce. I do not doubt that financial relations of a very important character will some day exist between co-operative banks of different countries, but the subject is an extremely difficult one. I only venture to make two suggestions. One is that some day, through co-operative banks, the surplus funds of one part of our movement may find employment in other branches and perhaps in other countries. The other, that when there comes to be much international trading, payments in exchange for deliveries of goods may be made through co-operative banks of different countries in such a way as to reduce risk to a minimum.

### III.—RAW MATERIAL SOCIETIES.

The raw material purchasing societies are a marked feature on the Continent. A number of joiners, for instance, working on

their own account, but not co-operatively, will form a society to purchase their materials in common, and so get them at wholesale prices. These societies seem specially common in Germany, and among shoemakers. Probably they account to some extent for so large a proportion of craftsmen in Germany retaining their independent position, and not being hitherto absorbed into the factory system; but other causes must have been at work too. There can be little doubt that the forces tending towards production on a large scale are overwhelmingly strong, and that neither the small producers nor the associations for supplying them will have any great place permanently in either national or international commerce.

### IV.—THE CO-OPERATIVE LABOUR GANG OR LABOUR SOCIETY

is, I think, to be found more or less in every country, our own among the rest, and in all ages. It is simply a number of men collectively contracting to do certain work instead of each man being employed by a master or contractor. In Russia this is said to be the ordinary way of employing labour, if, for instance, one desires to build a house. These groups or gangs have grown very great and powerful in Italy among navvies, builders, stone-masons, marble-masons, &c., and have done much work for the Government; there are 522 such co-operative labour societies, of which the Government has recently issued a full report. This branch of co-operation, however, has no bearing upon international co-operative relations, except, indeed, that some of these societies in Italy have stores attached to them; and those at least of us who believe that the divorce of the worker from the ownership of capital is a thing destined to cease, cannot believe that it can have much permanent relation to national commerce either. It seems to take it too much for granted, that those who supply the muscular force are necessarily to be a class apart from those who supply the capital with which they are to work.



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